

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

St. Lucas Post Office
St. Lucas, Iowa 52166

Docket No. A2012-6

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(November 21, 2011)

On October 5, 2011, the Postal Regulatory Commission ("Commission") received an appeal postmarked September 22, 2011, from postal customers Dennis and Janet Kuennen ("the Kuennens") objecting to the discontinuance of the Post Office at St. Lucas, Iowa. On October 7, 2011, the Commission issued Order No. 902, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). Thereafter, the Commission also received letters of appeal from customers Chris Drilling and the City of St. Lucas, Iowa (the "City"), as well as letters from customer Louise Dietzenbach and from the CEO of the First National Bank of West Union and St. Lucas ("the Bank"). Collectively, this document will refer to the authors of correspondence received in this docket as "Petitioners." The Kuennens, the City, and Chris Drilling filed Participant Statements in support of the petition. In accordance with Order No. 902, the administrative record was filed with the Commission on October 20, 2011.

The letters of appeal, the letters from the Bank and Chris Drilling, and the Participant Statements filed in this appeal raise four issues: (1) the impact on the provision of postal services, (2) the impact upon the St. Lucas community, (3) the

calculation of economic savings expected to result from discontinuing the St. Lucas Post Office, and (4) the effect of the closing on the noncareer postmaster relief who has been operating the St. Lucas Post Office. As reflected in the administrative record of this proceeding, the Postal Service gave all of these issues serious consideration, consistent with the Postal Service's statutory obligations and Commission precedent.¹ Accordingly, the determination to discontinue the St. Lucas Post Office should be affirmed.

Background

The Final Determination To Close the St. Lucas Post Office and Continue to Provide Service by Rural Route Service ("Final Determination" or "FD")², as well as the administrative record, indicate that the St. Lucas Post Office provides EAS-55 level service to no carrier delivery customers, to 75 Post Office Box or general delivery customers, and to retail customers from 8:45 a.m. to 12:00 p.m. and 1:30 p.m. to 4:30 p.m. Monday through Friday and from 8:45 a.m. to 10:15 a.m. on Saturdays.³ The postmaster of the St. Lucas Post Office retired on October 3, 2003. Since the postmaster vacancy arose, an employee from a neighboring office was installed as an officer-in-charge ("OIC") to operate the office. The noncareer postmaster relief ("PMR") serving as the OIC may be separated from the Postal Service, although attempts will be

¹ See 39 U.S.C. 404(d)(2)(A).

² The Final Determination can be found at Item 47 in the Administrative Record. All citations to the Final Determination will be to "FD at ____," rather than to Item 47. The FD page number refers to the pages as marked on the upper right of the document. Other items in the administrative record are referred to as "Item ____."

³ FD at 2; Item No. 15, Post Office Survey Sheet, at 1; Item No. 9, Worksheet for Calculating Work Service Credit; Item No. 13, Administrative Postmaster/OIC Comments; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet ("Fact Sheet"), at 1; Item No. 33, Proposal to Close the St. Lucas, Iowa Post Office and Continue to Provide Service by Rural Route Service ("Proposal"), at 2, 8.

made to reassign the employee to a nearby facility.⁴ The average number of daily retail window transactions at the St. Lucas Post Office is 17, accounting for 18 minutes of workload daily. Revenue generally has been declining: \$21,249 (55 revenue units) in FY 2008; \$20,554 (54 revenue units) in FY 2009; and \$17,951 (47 revenue units) in FY 2010.⁵

Upon implementation of the Final Determination, delivery and retail services will be provided by rural route delivery administered by the West Union Post Office, an EAS-18 level office located nine miles away, which has 113 available Post Office Boxes.⁶ Retail services will also be available at the Waucoma Post Office, an EAS-13 Post Office, which is six miles away and which has 74 available Post Office Boxes . This service will continue upon implementation of the Final Determination.⁷ Rural service will be provided to cluster box units (“CBUs”), free-standing units of individually locked mail compartments installed and maintained by the Postal Service at no cost to the customer. A parcel locker may also be installed for convenient parcel delivery for customers.⁸

The Postal Service followed the proper procedures that led to the posting of the Final Determination. All issues raised by the customers of the St. Lucas Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires

⁴ FD at 2, 7, 8; Item No. 33, Proposal, at 2, 6, 8.

⁵ FD, at 2; Item No. 18, Post Office Fact Sheet, at 1; Item No. 33, Proposal, at 2, 8.

⁶ FD at 2; Item No. 18, Post Office Fact Sheet, at 1; Item No. 33, Proposal, at 2.

⁷ FD at 1; Item No. 18, Post Office Fact Sheet, at 1; Item No. 33, Proposal, at 2.

⁸ FD at 2, 3, 5, 6; Item No.33, Proposal, at 2, 3, 7, 8.

were distributed to all Post Office Box customers of the St. Lucas Post Office. Questionnaires were also available over the counter for retail customers at St. Lucas.⁹ A letter from the Manager of Post Office Operations, Cedar Rapids, Iowa, was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the St. Lucas Post Office was warranted, and that effective and regular service could be provided through rural route service delivery administered by, and retail services available at, the Waucoma Post Office. The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service they were receiving and the effects of a possible change involving rural route service delivery.¹⁰ Thirty-six customers returned questionnaires, and the Postal Service responded.¹¹ In addition, representatives from the Postal Service were available at the St. Lucas Community Center for a community meeting on March 31, 2011 from 6:00-7:00 p.m. to answer questions and provide information to customers. Thirty-three people attended.¹² Customers received formal notice of the Proposal and Final Determination through postings at nearby facilities. The Proposal – which posited that rural route service should emanate from the West Union Post Office (with retail services available from both the West Union and the Waucoma Post Offices) – was posted with an invitation for public comment at the St.

⁹FD at 2; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at St. Lucas Post Office, at 1.

¹⁰ Item No. 21, Letter to Postal Customer From Manager, Post Office Operations (“Letter to Customer”), at 1.

¹¹ FD at 2; Item No.22, Returned Optional Comment Forms and USPS Response Letters; Item No. 23, Customer Questionnaire Analysis, at 1.

¹² FD; Item No. 21, Letter to Customer, at 1; Item No. 24; Community Meeting Roster; Item No. 25, Community Meeting Analysis; Item No. 33, Proposal, at 2.

Lucas Post Office, the West Union Post Office, and the Waucoma Post Office for 60 days beginning June 6, 2011.¹³ In the absence of responses to the “Invitation for Comments” after the Proposal was posted,¹⁴ the Final Determination was posted at the same three Post Offices beginning on September 12, 2011. The Final Determination was still posted when the administrative record was sent to the Postal Service’s Law Department for filing in this matter.¹⁵

In light of a postmaster vacancy; minimal workload; low and decreasing office revenue;¹⁶ the variety of delivery and retail options (including the convenience of rural delivery and retail service);¹⁷ minimal projected population, residential, commercial, or business growth in the area;¹⁸ minimal impact upon the community; and the expected financial savings,¹⁹ the Postal Service issued the Final Determination.²⁰ Regular and effective postal services will continue to be provided to the St. Lucas community in a cost-effective manner upon implementation of the Final Determination.²¹

Each of the issues raised by the Petitioners, the Bank, and Chris Drilling is addressed in the paragraphs which follow.

¹³ FD at 2; Item No. 33, Proposal; Item No. 36, Round Date Stamped Proposals, at 1-3.

¹⁴ Item No. 38, Placeholder memo for Customer Comments and USPS Response Letters.

¹⁵ Item No. 49, Round Dated Stamped Final Determination Cover Sheets.

¹⁶ See note 5 and accompanying text.

¹⁷ FD at 4, 5, 6, 7, 8; Item No. 33, Proposal, at 4, 5, 6, 7, 8.

¹⁸ Item No. 16, Community Survey Sheet.

¹⁹ FD at 7; Item No. 18, Post Office Fact Sheet, at 1; Item No. 29, Proposal Checklist, at 2; Item No. 33, Proposal, at 8.

²⁰ FD.

²¹ FD at 1.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the St. Lucas Post Office on postal services provided to St. Lucas customers. The closing is premised upon providing regular and effective postal services to St. Lucas customers.

The Petitioners raise the issue of the effect on postal services of the St. Lucas Post Office's closing, noting the convenience of the St. Lucas Post Office and requesting its retention. The City, in particular, contends that money is the sole reason why the Postal Service is closing the St. Lucas Post Office, since the City is unaware of any safety, maintenance, or lease issues with the building itself. As the Administrative Record reflects, however, a variety of factors inform the decision to discontinue the St. Lucas Post Office. Although the Postal Service did consider the St. Lucas Post Office's declining revenues, the Postal Service also considered the postmaster vacancy, a minimal workload, the variety of delivery and retail options (including the convenience of rural delivery to CBUs), very little growth expected in the area, and minimal impact on the community. FD at 2, 4, 5, 6 7, 8; Item No. 16, Community Fact Sheet; Item No. 18, Post Office Fact Sheet; Item No. 33, Proposal, at 2, 4, 5, 6, 7, 8.

The Petitioners also contend that service through the West Union Post Office will not provide the maximum degree of effective postal services because 1) residents will have to travel to other towns to have Postal Services met (and, in the case of senior citizens, may not have the ability to do so), and they may turn to other delivery

companies instead; 2) customers are often unavailable to meet rural carriers at the CBUs; 3) the town's many elderly residents do not have computers to take advantage of computer-based services; 4) they will miss the individual services provided by the St. Lucas Post Office; and 5) having CBUs outside will be a hazard to community members' health, especially during the winter. Each of these concerns was considered by the Postal Service.

The Postal Service has considered the impact of closing the St. Lucas Post Office upon the provision of postal services to St. Lucas customers. FD at 2-6, 8; Item No. 33, Proposal, at 2, 7, 8. Rural route delivery to CBUs installed on the carrier's line of travel provides similar access to retail service, alleviating the need to travel to the Post Office. FD at 6; Item No. 22, Returned Optional Comment Forms and USPS Response Letters, at 41, 49, 101, 108, 113; Item No. 23, Customer Questionnaire Analysis, at 3, 4; Item No. 25, Community Meeting Analysis, at 1-2; Item No. 33, Proposal, at 3, 4, 5, 6, 7, 8. As explained throughout the administrative record, carriers can perform many functions (at the same time that the carrier delivers the mail) that will avert the need to go to any Post Office – West Union, Waucoma, or otherwise – or even having to interact with a carrier for most postal transactions.

Carrier service is especially beneficial to many senior citizens and those who face special challenges because the carrier can provide delivery and retail services to cluster box units. FD at 5; Item 22, Returned Optional Comment Forms and USPS Response Letters, at 9, 108, 113; Item No. 23, Customer Questionnaire Analysis, at 4; Item No. 33, Proposal, at 5. Customers do not have to make a special trip to the Post

Office or to another delivery company for many services, as the carrier can provide many retail services offered at the Post Office. FD at 4, 5, 6; Item No. 22, Returned Optional Comment Forms and USPS Response Letters, at 41, 108, 113; Item No. 25, Customer Questionnaire Analysis, at 1; Item No. 33, Proposal, at 6. Many services are available right from customers' computers at usps.com, including, but not limited to, buying stamps, paying for postage on packages, scheduling a carrier pick up,²² changing an address, and requesting a hold on mail. FD at 4, 6; Item No. 25, Community Meeting Analysis, at 1; Item No. 33, Proposal, at 5, 6, 7.

Of course, services are also available for those customers who do not have computers. Stamps by Mail and Money Order Application forms are also available for customer convenience, and stamps are also available at many stores and gas stations, or by calling 1-800-STAMP-24. FD, at 4; Item No. 22, Returned Optional Comment Forms and USPS Response Letters, at 41, 49, 101, 113; Item No. 23, Customer Questionnaire Analysis, at 3; Item No. 25, Community Meeting Analysis, at 1; Item No. 33, Proposal, at 4, 6. Customers can also request special services, such as certified, registered, or Express mail, delivery confirmation, signature confirmation, and COD from the carrier. FD at 4, 5; Item No. 22, Returned Optional Comment Forms and USPS Response Letters, at 49, 101, 113; Item No. 23, Customer Questionnaire Analysis, at 3, 4; Item No. 25, Community Meeting Analysis, at 1-2; Item No. 33, Proposal, at 4, 5. Customers who desire such special services may obtain them from the carrier, who will estimate cost, provide a receipt, and bring change or a bill for the

²² This particular option could benefit the internet order-based business that, according to Chris Drilling's Participant Statement, newly opened in town.

remaining amount the next delivery day (or the customer may leave a note with the appropriate payment and the carrier will leave a receipt the next day).²³ FD at 2, 4, 5; Item No. 22, Returned Optional Comment Forms and USPS Response Letters, at 49, 71, 101, 113; Item No. 23, Customer Questionnaire Analysis, at 3, 4; Item No. 25, Community Meeting Analysis at 2; Item No. 33, Proposal, at 2, 4, 5.

Further, most transactions do not require even meeting the carrier at the mailbox. FD at 4, 6, 8; Item 22, Returned Optional Comment Forms and USPS Response Letters, at 41; Item No. 23, Customer Questionnaire Analysis, at 3, 4; Item No. 25, Community Meeting Analysis, at 1; Item No. 33, Proposal, at 4, 6, 7, 8. Special provisions are made, on request, for hardship cases or special customer needs. FD at 5; Item 22, Returned Optional Comment Forms and USPS Response Letters, at 9, 98, 108; Item No. 23, Postal Customer Questionnaire Analysis, at 3, 4; Item No. 25, Community Meeting Analysis, at 1; Item No. 33, Proposal, at 5.

The Postal Service also addressed customer concerns about heightened potential for theft of outgoing or incoming mail when switching to carrier delivery. FD at 3; Item No. 21, Letter to Customer, at 1; Item No. 22, Returned Optional Comment

²³ In its letter of appeal, the City suggests that this process (for sending packages via the carrier, at those times when the customer is unable to meet the carrier) is problematic because it requires two trips to the CBU each for the carrier and the resident, and because there is no recourse if the carrier fails to leave a receipt the next day. As the record does not reflect that customers raised this as a concern during the discontinuance process, the administrative record does not contain a response to this particular concern. However, the Postal Service will address that concern now. Although this process does involve the carrier obtaining the package/payment and leaving a receipt on two different days (and the customer leaving the package and obtaining a receipt on two different days), it does not require any extra trips beyond those that the carrier and the customer already make to the CBU to deliver and retrieve mail anyway. Moreover, although one could speculate that there may be an occasion where a carrier fails to provide a receipt (in response to which the customer could ask for one again), that requires an assumption that the carrier is not properly doing his or her job. The Postal Service strives to provide good service to its customers, and any deficiencies with that service should be brought to the attention of the postmaster of the West Union Post Office, which will oversee service to St. Lucas CBUs.

Forms and USPS Response Letters, at 114; Item No. 23, Customer Questionnaire Analysis, at 3; Item No. 33, Proposal, at 3. At the outset of the process, the Postal Service advised customers that it was considering rural route delivery to cluster box units (“CBUs”). Item No. 21, Letter to Customer, at 1. As the CBU information sheet attached to the cover letter explained, CBUs are secure, free-standing units of individually locked mail compartments that are provided, installed and maintained by the Postal Service at no cost to customers, and with keys provided to customers by the Postal Service. *Id.* at 6. A significant benefit of CBUs is the security that they provide against mail theft and mailbox vandalism. *Id.* Additionally, the information sheet explained that parcel lockers may be installed alongside CBUs, thereby allowing customers to receive packages that do not require a signature in the same secure environment; parcel locker keys are placed in a customer’s mailbox compartment when a parcel is secured in a locker for that customer. *Id.* The Postal Service provided similar information in response to customer questionnaires in the Proposal, and in the Final Determination. FD at 2, 3, 6; Item No. 22, Returned Optional Comment Forms and USPS Response Letters, at 114; Item No. 33, Proposal, at 2, 3, 5, 7.

Additionally, the Postal Service addressed customers’ concerns that service to CBUs would not be as effective as service to P.O. Boxes due to inclement weather. More specifically, the Postal Service explained that while inclement weather conditions are a factor in delivering mail to, and collecting mail from, CBUs, they are also a factor for P.O. Box customers who must traverse parking areas and sidewalks to obtain their mail. The Postal Service also explained that it makes every effort to provide a safe

environment for its customers and employees and deliveries, and that it will remove snow from, and maintain the area around, the CBUs. FD at 2, 6; Item No. 22, Returned Optional Comments Forms and USPS Response Letters, at 92; Item No. 23, Customer Questionnaire Analysis, at 2; Item No. 33, Proposal, at 2.²⁴

Upon the implementation of the Final Determination, delivery and retail services will be provided by rural route delivery to CBUs. The route will emanate from the West Union Post Office. In addition to rural delivery, which is the recommended alternate service, customers may also receive postal services (including Post Office Box service) at the West Union Post Office, which is located nine miles away. The window service hours of the West Union Post Office are from 8:30 a.m. to 5:00 p.m., Monday through Friday, and from 9:30-10:30 a.m. on Saturdays. Retail service and Post Office Boxes are also available at the Waucoma Post Office, which is six miles away, and which has window service from 8:45 a.m. to 12:00 p.m. and 1:00 p.m. to 4:15 p.m., Monday through Friday and from 8:45 to 9:30 a.m. on Saturday. FD, at 2; Item No. 33, Proposal, at 2. The individual, courteous, and helpful service provided at the St. Lucas Post Office will be available at the West Union Post Office, as will any special assistance needed. FD at 3; Item No. 22, Returned Optional Comment Forms and

USPS Response Letters, at 113; Item No. 23, Customer Questionnaire Analysis, at 2;

²⁴ In their Participant Statements, the Kuennens and Chris Drilling also state that there is no good area in which to locate CBUs. As the record does not reflect that customers raised this as a concern during the discontinuance process, the administrative record does not contain a response to this concern. However, the record also does not contain any evidence that would lead to the conclusion that there is no possible location for CBUs, especially in a town like St. Lucas that has a Community Center and a number of businesses, including a convenience store, a restaurant, and a bar/liquor store. FD at 6; Item No. 7, Post Office and Community Photos, at 1-2; Item No. 13, Administrative Postmaster/OIC Comments; Item No. 33, Proposal, at 7. The CBUs will be located in accordance with the requirement in POM 631.44 that “[b]oxes must be safely located so that customers are not required to travel an unreasonable distance to obtain their mail.”

Item No. 3, Proposal, at 3. Thus, the Postal Service has properly concluded that all St. Lucas customers will continue to receive regular and effective service via rural route delivery to CBUs installed on the carrier's line of travel.

Effect Upon the St. Lucas Community

The Postal Service is obligated to consider the effect of its decision to close the St. Lucas Post Office upon the St. Lucas community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to discontinue a Post Office.

St. Lucas is an unincorporated rural community located in Fayette County. The community is administered politically by its own Mayor and Council, with police protection provided by the Fayette County Sheriff. Fire protection is provided by the St. Lucas Fire Department. FD at 6; Item No. 16, Community Survey Fact Sheet; Item No. 33, Proposal at 7. The questionnaires completed by St. Lucas customers indicate that, in general, the retirees, farmers, commuters, and others who reside in St. Lucas must travel elsewhere for some of their supplies and services. See *generally* FD at 6; Item No.22, Returned Optional Comment Forms and USPS Response Letters; Item No. 33, Proposal, at 7. However, the town does have a Community Center and a number of businesses, including an historical society, a jewelry store, a restaurant, a bank, a bar/liquor store, a convenience store, a farm supply business, a memorials company, a

construction company, and a car transmission company.²⁵ FD at 6; Item No. 7, Post Office and Community Photos, at 1-2; Item No. 13, Administrative Postmaster/OIC Comments; Item No. 33, Proposal, at 7.

The letters and Participant Statements received in support of the appeals raise the issue of the effect of closing the St. Lucas Post Office upon the St. Lucas community. More specifically, the Bank, Chris Drilling (in both the letter of appeal and in the Participant Statement) and the Kuennens (in their Participant Statement) explain that St. Lucas is a small town with a proud community, a big history, and many locally owned businesses, and that the Post Office – which is visited every day by the people of the community – is part of the town’s heritage and necessary to advance the quality of life and prosperity of the town. The Postal Service is cognizant of the importance of the St. Lucas Post Office to members of the community and extensively considered those issues, as reflected in the administrative record. FD, at 6, 7; Item No. 22, Returned Optional Comments Forms and USPS Response Letters, at 9, 50, 62, 80, 89, 98, 105, 113; Item No. 23, Customer Questionnaire Analysis, at 2, 4; Item No. 25, Community Meeting Analysis, at 2; Item No. 33, Proposal, at 7, 8.

For example, a number of customers had commented that the community might lose its identity in the absence of the St. Lucas Post Office. In response, the Postal Service explained that St. Lucas customers would be able to retain the St. Lucas name and ZIP Code in addresses. FD at 3, 7; Item 22, Returned Optional Comment Forms

²⁵ The Participant Statement submitted by Chris Drilling suggests that closing the St. Lucas Post Office would give people one less reason to come to the town. However, the record contains no evidence to the effect that people would be any less likely to visit the town’s community center or other businesses as a result of the Post Office closing.

and USPS Response Letters, at 9, 50, 89, 98, 105; Item No. 23, Customer Questionnaire Analysis at 3, 4; Item No. 25, Community Meeting Analysis at 2; Item No. 33, Proposal, at 3, 7. Additionally, the Postal Service noted that residents may continue to meet informally, socialize, and share information at other businesses, churches, and residences in town, and the public bulletin board once at the St. Lucas Post Office can be placed elsewhere. FD at 7; Item No. 22, Returned Optional Comment Forms and USPS Response Letters, at 62, 80, 113; Item No. 23, Customer Questionnaire Analysis, at 4; Item No. 25, Community Meeting Analysis, at 2; Item No. 33, Proposal, at 7.

Additionally, as already explained above, the Postal Service considered the impact of the closing of the St. Lucas Post Office on senior citizens, the disabled, and others who need special assistance. The Postal Service explained that services provided at the St. Lucas Post Office will be available from the carrier. FD, at 4, 5, 6; Item 22, Returned Optional Comment Forms and USPS Response Letters, at 9, 41, 49, 101, 108, 113; Item No. 22, Customer Questionnaire Analysis, at 3, 4; Item No. 25, Community Meeting Analysis, at 1, 2; Item No. 33, Proposal, at 4, 5, 6.

Nonetheless, the Postal Service determined that its customers could continue to receive effective postal services elsewhere. Communities generally require regular and effective postal services and these will continue to be provided to the St. Lucas community. In addition, the Postal Service has concluded that nonpostal services provided by the St. Lucas Post Office can be provided by the West Union Post Office. Government forms usually provided by the Post Office are also available by contacting local government agencies, thereby addressing the City's concern (raised in its

Participant Statement) that the town would be losing out on help with public information. FD at 6; Item No. 33, Proposal, at 7. Personnel at the West Union Post Office will provide courteous and helpful service, as well as special assistance as needed. FD at 3; Item No. 22, Returned Optional Comment Forms and USPS Response Letters, at 113; Item No. 23, Customer Questionnaire Analysis, at 2; Item No. 33, Proposal, at 3. Likewise, such services could be obtained at the Waucoma Post Office, see Item No. 33, Proposal, at 2, or any other Post Office.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the St. Lucas Post Office on the community served by the St. Lucas Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route carrier service would cost the Postal Service substantially less than maintaining the St. Lucas Post Office and would still provide regular and effective service. Item No. 21, Letter to Postal Customer, at 1. The estimated annual savings associated with discontinuing the St. Lucas Post Office are \$22,755, after factoring in the cost of replacement service. FD at 7; Item No. 22, Returned Optional Comment Forms and USPS Response Letters, at 12, 89, 108; Item No. 29, Proposal Checklist, at 2; Item No. 33, Proposal, at 8. Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the

administrative record and consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD at 2-8; Item No. 33, Proposal, at 2-8.

The Kuennens, both in their letter of appeal and in their Participant Statement, state that the Post Office should be kept open because the citizens of St. Lucas pay taxes. However, as the Postal Service explained during the administrative process, the Postal Service is not supported by tax dollars and must meet expenses by revenue that it generates. Moreover, in the long run, operational savings for the Postal Service helps bring about stable postage rates and savings for customers. FD at 3; Item No. 22, Returned Optional Comment Forms and USPS Response Letters, at 113; Item No. 23, Customer Questionnaire Analysis, at 2; Item No. 33, Proposal, at 2.

The Kuennens and Chris Drilling also note that the Postal Service has already saved about \$7,000 (in benefits) by operating with a PMR rather than a Postmaster for so many years. However, the economic savings calculation conducted as a part of a discontinuance study is forward-looking; that the Postal Service may have paid less in salary and benefits over the past years does not mean that it could count on those savings annually in the future. If the St. Lucas Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be as shown for a postmaster.

Both the Kuennens and the City, in their Participant Statements, also suggest that the cost of setting up and maintaining service to CBUs will either outweigh the savings or the savings will not be very great, such that the St. Lucas Post Office should

remain open. However, as the administrative record is to the contrary. There is a one-time expense of \$3,685 to set up the CBUs and parcel lockers, but that cost will not be repeated yearly and thus does not factor into annual savings and costs. FD at 7; Item No. 29, Proposal Checklist, at 2; Item No. 33, Proposal, at 8. With regard to annual costs, the \$8,109 that it will cost to operate service to the CBUs via rural route service is still \$22,755 less per year than the anticipated savings (of Postmaster salary and benefits and lease costs). FD at 7; Item No. 17, Alternative Service Options/Cost Analysis, at 2; Item No. 29, Proposal Checklist, at 2; Item No. 33, Proposal, at 8.

Finally, the Kuennens, the City, and Ms. Dietzenbach all suggest a strategy that they think would further reduce costs for the Postal Service as a whole, in lieu of closing rural offices with small budgets: cutting hours and closing on Saturdays. As the Postal Service explained during the administrative process, the Postal Service is seeking many means to become more efficient, including some of the options listed here. FD at 5; Item No. 25, Community Meeting Analysis, at 1; Item No. 33, Proposal, at 5. In this case, the Postal Service has determined that rural route service to CBUs is the most cost-effective solution for providing regular and effective service to the St. Lucas community.

The Postal Service determined that rural carrier service is more cost-effective than maintaining the St. Lucas postal facility and postmaster position. FD at 7, 8. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent

with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster retired on May 3, 2003. A noncareer employee from a neighboring office was installed as the temporary officer-in-charge (OIC). The noncareer PMR serving as the OIC may be separated from the Postal Service, although attempts will be made to reassign the employee to a nearby facility. The record shows that no other employee would be affected by this closing. FD at 2, 7, 8; Item No.15, Post Office Survey Sheet, at 1; Item No. 33, Proposal, at 2, 6, 8.

The City and the Kuennens express some concern for the PMR, assuming that the PMR would be out of a job and that that is not good for the community. The Postal Service did consider the impact of the closing on the PMR. However, the PMR who served at the St. Lucas Post Office was a noncareer employee. The Postal Service regrets any negative impact that this closing has on the PMR, but, as the record reflects, the Postal Service will make efforts to reassign her to another position nearby. FD at 2, 7, 8; Item No. 15, Post Office Survey Sheet, at 1; Item No. 25, Community Meeting Analysis, at 2; Item No. 33, Proposal, at 2, 6, 8. The Postal Service understands and is sympathetic to the Petitioners' concern, but is also charged with responsibility to promote efficiency of operations. Consequently, this concern does not outweigh the other considerations cited in support of the Final Determination.

Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the St. Lucas Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the St. Lucas Post Office on the provision of postal services and on the St. Lucas community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to St. Lucas customers. FD at 8. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the St. Lucas Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the St. Lucas Post Office be affirmed.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel, Global Business & Service Development

Michelle A. Windmueller
Senior Litigation Counsel

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-2064; Fax -6279
michelle.a.windmueller@usps.gov